

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

PA-02 PRS-01 USIA-15 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /111 W

----- 053616

R 031713Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7077

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

UNCLAS SECTION 01 OF 02 BONN 00110

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: FINANCIAL DEVELOPMENTS (WEEK ENDING JANUARY 2)

1. FOREIGN EXCHANGE MARKET: DURING THE REPORTING WEEK

SPOT AND FORWARD DOLLARS DEVELOPED AS FOLLOWS:

FORWARD DOLLARS

(DISCOUNTS IN PCT.P.A.)

SPOT DOLLARS ONE-MONTH THREE-MONTH

DEC 30 DM 2.4050 1.7 4.2

31 2.4190 (FIXING AND CLOSING ON HALF DAY

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OPERATION)

JAN 2 2.4210 2.2 4.6

WITHIN THE JOINT FLOAT ALL CURRENCIES, WITH THE EX-
CEPTION OF THE NORWEGIAN CROWN, WERE ABOVE THEIR DM
CENTRAL RATE. NONE REACHED THEIR UPPER DM INTERVENTION
RATE.

2. MONEY MARKET: DURING THE REPORTING WEEK FRANKFURT
MONEY RATES DEVELOPED AS FOLLOWS:

CALL MONEY ONE-MONTH MONEY THREE-MONTH MONEY

DEC 30 7.5-7.8 8.1-8.4 8.1-8.4

JAN 2 8.1-7.8 7.9-8.1 8 -8.2

3. MONETARY RESERVES: IN THE THIRD WEEK OF DECEMBER
(DECEMBER 16-23) NONETARY RESERVES DECLINED SLIGHTLY
BY DM 0.4 BILLION TO 88.3 COMPARED WITH DECLINES OF
DM 0.1 BILLION AND DM 0.2 BILLION RESPECTIVELY. IN THE
FIRST TWO WEEK SOF DECEMBER. HOLDINGS OF LIQUID FOREIGN
EXCHANGE DECREASED BY DM 1.1 BILLION WHILE RESERVES OF
LIMITED USABILITY INCREASED BY DM 1.3 BILLION. GROSS
LIABILITIES INCREASED BY DM 546 MILLION.

4. BANK LIQUIDITY: DURING THE SECOND WEEK OF DECEMBER
BANK LIQUIDITY DECLINED BY DM 6.7 BILLION (COMPARED
WITH A DM 0.3 BILLION DECLINE THE PREVIOUS WEEK). THE
UNUSUALLY LARGE DECREASE WAS DUE CHIEFLY TO MAJOR TAX
PAYMENTS AND TRANSFER OF MONEY FOR PENSION PAYMENTS
TO THE POSTAL AUTHORITY ACCOUNT AT THE BUNDESBANK.
PRINCIPAL FACTORS REDUCING LIQUIDITY INCLUDE THE
DM 5.5 BILLION INCREASE IN OFFICIAL ASSETS HELD AT THE
BUNDESBANK AND THE DM 2.5 BILLION IN BANKS' HOLDINGS OF
RESERVES AT THE BUNDESBANK. OTHER FACTORS, NET, IN-
CREASED LIQUIDITY BY DM 4.4 BILLION. DURING THE WEEK
LOMBARD BORROWINGS INCREASED BY DM 6.8 BILLION AND
REDISCOUNT BORROWINGS BY DM 0.2 BILLION.

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

PA-02 PRS-01 USIA-15 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 XMB-04 OPIC-06 LAB-04 SIL-01 /111 W

----- 053628

R 031713Z JAN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7078

INFO AMEMBASSY BERN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL FRANKFURT

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5. MONEY SUPPLY: IN NOVEMBER THE RATE OF MONETARY EXPANSION WAS RATHER STRONG. THE SEASONALLY ADJUSTED NARROWLY DEFINED MONEY SUPPLY (M1) INCREASED BY DM 5.5 BILLION DURING NOVEMBER AND THE WIDELY-DEFINED MONEY SUPPLY (M2) BY DM 4.6 BILLION. AT THE END OF NOVEMBER M1 WAS 11.1 PERCENT ABOVE LAST YEAR'S VOLUME AND M2 3.7 PERCENT HIGHER. DURING NOVEMBER THE INDIVIDUAL DETERMINANTS AND COMPONENTS OF MONEY SUPPLY DEVELOPED AS FOLLOWS:

	1974	1973	
	NOV.	OCT.	NOV.

BANK LENDING TO DOMESTIC

NON-BANKS	9.1	2.2	8.4
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NET EXTERNAL ASSETS OF BANKS

(INCLUDING BUNDESBANK)	4.8	2.1	2.1
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SAVINGS DEPOSITS AND

SAVINGS BONDS	2.7	2.6	1.3
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TIME DEPOSITS AND

OUTSTANDING BANK BONDS	1.8	1.3	0.7
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OFFICIAL ASSETS HELD AT

CENTRAL BANK	-2.1	-2.4	-1.5
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OTHERS	-0.2	-2.2	-1.9
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MONEY SUPPLY (M1)	11.3	0.4	8.0
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SEASONALLY ADJUSTED M2	4.6	0.4	2.3
OF WHICH: CURRENCY IN			
CIRCULATION AND SIGHT			
DEPOSITS (M1)	-1.3	-1.3	9.3
SEASONALLY ADJUSTED M1	5.5	0.3	2.1
TIME DEPOSITS WITH MATURITIES			
UP TO 4 YRS	-0.9	0.0	0.2

6. BOND MARKET: DURING THE REPORTING WEEK THE FAZ
AVERAGE YIELDS TO MATURITY OF OUTSTANDING DOMESTIC
BONDS DEVELOPED AS FOLLOWS:

8 PERCENT 7 PERCENT 6 PERCENT

DEC 30	10.24	10.50	9.51
JAN 2	10.18	9.94	9.76
CASH			

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Message Attributes

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Disposition Approved on Date:
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Margaret P. Grafeld
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US Department of State
EO Systematic Review
05 JUL 2006

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Review Withdrawn Fields: n/a
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Subject: FINANCIAL DEVELOPMENTS (WEEK ENDING JANUARY 2)
TAGS: EFIN, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006